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COPENHAGEN DUBLIN LUXEMBOURG ROME THE HAGUE LONDON MADRID PARIS
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TAGS: ENRG, OECD

SUBJECT: IEA: SUMMARY OF FEB 5-7 GOVERNING BOARD MEETING

1. FOLLOWING SUMMARIZES MAIN POINTS IN ALL AGENDA AREAS DISCUSSED AT FEB. 5-7 MEETING OF GOVERNING BOARD OF INTERNATIONAL ENERGY AGENCY. FOR MORE DETAILED REPORTS SEE SEPTELS.

2. PRODUCER-CONSUMER RELATIONS

GROUP AGREED WITH US THAT, WHILE TWO OF THE THREE PRECONDITIONS (FINANCIAL SOLIDARITY AND CONSERVATION) ELABORATED AT MARTINIQUE HAD BEEN SUBSTANTIALLY SATISFIED, GROUP ALSO MUST REACH MUTUALLY SATISFACTORY DECISIONS CONCERNING ACCELERATED DEVELOPMENT OF ALTERNATIVE ENERGY SOURCES BEFORE CONSUMERS COULD MOVE TO PREPARATORY MEETING (PREPCON) WITH PRODUCERS. GB AGREED THAT PREPCON, HOPEFULLY BY END OF MARCH, WOULD BE HELD AT OFFICIAL LEVEL TO DETERMINE MODALITIES FOR NEXT STAGE OF P/C DIALOGUE ON OIL. MEMBERSHIP AND PROCEDURES AT PREPCON WOULD NOT PREJUDGE ARRANGEMENTS AT FINAL CONFERENCE. THERE WAS CONSIDERABLE SUPPORT WITHIN GROUP FOR FRENCH/SAUDI PARTICIPATION PROPOSAL. GB AGREED THAT IEA SHOULD HAVE OBSERVER STATUS WITH RIGHT TO SPEAK. FINAL DECISION ON CONSUMER PARTICIPATION AT PREPCON QUESTION WAS LEFT TO NEXT GB. STANDING GROUP ON PRODUCER-CONSUMER RELATIONS WILL NEXT MEET FEB. 17-18.

3. ACCELERATED DEVELOPMENT

GBHAD EXTENSIVE DISCUSSION OF POSSIBLE MEASURES OF IEA COOPERATION IN DEVELOPMENT OF NEW ENERGY SUPPLIES. DISCUSSION FOCUSED ALMOST EXCLUSIVELY ON PROPOSALS ADVANCED BY USDEL AS THEY HAD BEEN OUTLINED IN SECRETARY KISSINGER'S FEB. 3 SPEECH. GB AGREED THAT ESTABLISHMENT OF COORDINATED MEASURES BY PARTICIPATING COUNTRIES IN THIS FIELD IS NECESSARY AND CHANGED THE LONG TERM STANDING GROUP (SLT) TO EXAMINE AND REPORT ON THE PROS AND CONS OF POSSIBLE MODALITIES OF IMPLEMENTATION OF VARIOUS MODELS, INCLUDING SUCH GENERAL MEASURES AS A DEFICIENCY PAYMENT SCHEME, A COMMON FLOOR PRICE, AND A COMMON IEA TARIFF; SUCH SPECIFIC MEASURE AS ESTABLISHMENT OF AN INTERNATIONAL CONSORTIUM AND/OR SPECIFIC CONSORTIA TO PROVIDE SPECIFIC INCENTIVES TO SELECTED PROJECTS; AND POSSIBLE COMBINATIONS OF THE TWO TYPES OF MEASURES. AS PROPOSED BY THE US, LIMITED OFFICIAL USE

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THE SLT ALSO WILL CONSIDER MODALITIES OF THE POSSIBLE ESTABLISHMENT OF AN INTERNATIONAL ENERGY RESEARCH AND DEVELOPMENT CONSORTIUM SETTING FORTH THE GENERAL FRAMEWORK UNDER WHICH COOPERATIVE ACTIVITIES COULD BE UNDERTAKEN. SLT WILL NEXT MEET ON FEB. 19-21.

4. CONSERVATION - THE GB AGREED ON AN OVERALL FRAMEWORK OF COOPERATION, INCLUDING THE ESTABLISHMENT OF A FIRM

COMMITMENT TO REDUCE IMPORTS BY 2MMBD BY THE END OF 1975 BELOWWHAT THEY WOULD HAVE REACHED IN THE ABSENCE OF CONSERVATION MEASURES. GB ALSO APPROVED PROCEDURES AND CRITERIA FOR SYSTEMATIC REVIEW OF COUNTRY PROGRAMS, INITIAL REVIEW TO BE COMPLETED BY APRIL 30, 1975. IN ADDITION, LONG TERM STANDING GROUP WILL SUBMIT PROPOSALS FOR CONSERVATION OBJECTIVES FOR 1976-77 BY JULY 31, 1975. MEDIUM-TERM (1980-85) GOALS WILL BE ESTABLISHED AT LATER DATE.

5. FINANCIAL ISSUES - GB AGREED TO ESTABLISH AD HOC GROUP ON FINANCIAL AND INVESTMENT QUESTIONS, UNDER TERMS OF REFERENCE PROPOSED BY U.S. AD HOC GROUP WILL SERVE AS COORDINATING OR SCREENING BODY FOR ALL FINANCIAL ISSUES RELEVANT TO THE PRODUCER/CONSUMER DIALOGUE AND TO PREPARE FOR USE BY GB, MEMBER COUNTRY POSITION ON THESE ISSUES. GROUP WILL NOT DUPLICATE WORK IN OECD-WIDE FORUMS. IT WILL FOCUS INITIALLY ON THREE ISSUES: (A) INVESTMENT OF OPEC COUNTRIES IN DEVELOPING COUNTRIES; (B) INVESTMENT INTO THE OPEC COUNTRIES THEMSELVES; (C) POLICIES WITH REGARD TO OPEC INVESTMENT IN INDUSTRIALIZED COUNTRIES.

6. OIL MARKETS - GB AGREED TO ESTABLISH A FRAMEWORK FOR CONSULTATION WITH THE OIL COMPANIES AND TO START UP THE GENERAL SECTION OF THE INFORMATION SYSTEM IN TERMS RECOMMENDED BY THE OIL MARKETS STANDING GROUP (SOM). NO CONCLUSION WAS REACHED ON QUESTION OF WHETHER OR NOT OIL COMPANIES DATA FOR SYSTEM SHOULD BE SUBMITTED BY NATIONAL GOVERNMENTS ON AGGREGATED BASIS, TO PRESERVE CONFIDENTIALITY, OR ON INDIVIDUAL COMPANY BASIS. ISSUE WILL BE ADDRESSED AGAIN AT NEXT GB MEETING.

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7. EMERGENCY QUESTIONS - GB APPROVED RECOMMENDATION BY THE OIL INDUSTRY WORKING PARTY (OIWP) AND THE EMERGENCY STANDING GROUP (SEQ) CONCERNING THE ESTABLISHMENT OF AN OIL INDUSTRY ADVISORY BOARD (IAB) AND THE ELABORATION OF PROCEDURES FOR ALLOCATION OF OIL IN AN EMERGENCY, INCLUDING DIRECT SUBMISSION OF DATA DURING EMERGENCIES FROM SPECIFIED OIL COMPANIES TO THE SECRETARIAT. CONCERNING THE PROBLEM OF "EXTRAORDINARY COSTS" WHICH MIGHT ACCRUE TO THE COMPANIES UNDER THE OPERATION OF THE PROGRAM IN AN EMERGENCY, IT WAS DECIDED THAT, ON THE BASIS OF THE CASE MADE BY THE COMAPNIES, THERE WAS NO GB GENERAL ACCEPTANCE OF THE CONCEPT, BUT THAT THE COMPANIES MIGHT MAKE FURTHER REPRESENTATION TO THE GB ON THIS ISSUE.

8. NORWAY - GB ADOPTED SUI GENERIS AGREEMENT PERMITTING SPECIAL NORWEGIAN AFFILIATION ESSENTIALLY ON TERMS CIRCULATED AT DECEMBER GB MEETING. GON MADE ADDITIONAL STATEMENT TO BOARD ON SIGNING AGREEMENT, HOWEVER, TO EFFECT THAT NORWAY WILL FULLY TAKE PART IN EMERGENCY MEASURES EXCEPT FOR REASONS OF "OVERRIDING IMPORTANCE" AND WILL TAKE PART IN CONSULTATIONS FOR DEMAND RESTRAINT AND STAND-BY PRODUCTION MEASURES. INSTITUTIONAL (VOTING) ARRANGEMENTS WERE LEFT FOR DETERMINATION AT NEXT GB MEETING.

9. NEW ZEALAND - GROUP APPROVED GNZ APPLICATION FOR MEMBERSHIP. ADMISSION WAS EFFECTED IMMEDIATELY AND GNZ REPS PARTICIPATED IN ALL DISCUSSIONS.

10. OTHER ISSUES - GB ALSO APPROVED FRENCH AND GERMAN TEXTS OF IEA AGREEMENT. NEXT MEETING OF GB NOW SCHEDULED FOR MARCH 6-7 WITH ADDITIONAL, TENTATIVE MEETING SET FOR MARCH 20 IF NECESSARY TO COMPLETE PREPARATIONS FOR PREPCON.
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